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Ag Bill Forum-GREELEY, CO-OCTOBER 24, 2005

I'M Ken Remington, a dryland farmer from central Washington County, about **100** miles East of Denver. Next year will be my 40th year of farming there and, of course, over that time I've seen a few different farm programs come and go.

Before I comment on the current farm bill, and what's working and what isn't working; from my perspective. Let me point out four major ag-related events that have been taking place over the last ten years on the West central great plains; or as we locally refer to this region, The High Plains.

First..... NorthEastern Colorado looks like it's on the way to being a major ethanol production area. Wet distiller grains at the end of the ethanol process weigh about twice as much as the beginning bushel of corn. Therefore, it is more important to site ethanol plants where there is good nearby demand for the wet distiller grains, than it is to site plants where corn is cheap and abundant. A number of large cornfed ethanol plants in NE Colorado will be valuable to the in place livestock industries because the wet distiller grains will help makeup the livestock feed deficit which has been growing larger here in recent years.

Secondly, water for irrigation is diminishing in the high plains. Mountain derived water is increasingly flowing away from agricultural use to urban development. One million people moved into the front-range of Colorado over the last ten years and another million in population growth is expected in the next ten years. Aquifer derived irrigation water is declining due to aquifer depletion as water has been pumped greatly in excess of the natural recharge rate. More efficient application and use of irrigation water can only slow down and not stop the loss of irrigated acres in the High Plains.

Thirdly, On the dry land (or rain fed) areas of High Plains agriculture the summerfallow-winterwheat production system is increasing unprofitable. Wheat yields in the High Plains have been static for about twenty years as improved genetics have only matched and not exceeded yield loss to relatively new yield robbers such as goat-grass, the

Russian wheat aphid, and stripe rust. The soil depleting effect of summer-fallow means higher fertilizer use and cost. Higher energy cost means not only more expense for field operations, but greatly increased transportation costs; particularly for the 40-50% of wheat that we need to export. We can no longer pay the freight and compete for wheat sales in much of Africa, Europe and Asia. Black Sea area production and shipping costs are far below ours. Even a weaker dollar probably cannot reverse the 25 year long decline in U.S. wheat export sales, in view of the dramatic rise in transportation costs we are experiencing. This was the conclusion of a large front-page article in the June 18, 2004, issue of the Wall Street Journal explaining why the summer-fallow wheat industry of the Great Plains was terminally ill.

Fourthly, The High Plains from SW North Dakota to the Texas Panhandle has been in a six year drought that equals or exceeds in duration and intensity the great drought of the mid 1930's. This fact has been somewhat hid from most who live East of the Mississippi because so far better farming practices have kept dark dust clouds from blowing over Eastern Cities as happened in the 1930's. Most locations in Eastern Colorado experienced the driest year ever recorded in 2002. Tree ring scientists said it was probably the driest year in the region in the last 250 years. This last year on my farm has been almost as dry as 2002. Wheat and summer crop yields have generally been around 10 bushels per acre in my area with good no-till practices. Colorado Agricultural Statistics Service (CASS) reports that the average dryland yield of wheat in Colorado for the last six years on a harvest acre basis has been 26 bushels per acre. On a planted acre basis it has been much closer to 20 bushels per acre. Yields throughout NW Kansas and SW Nebraska have been very similar.

Twenty to twenty-six bushel per acre of wheat at $2.50 - $3.50 per bushel has resulted in an average loss over the last six years of $30-$60 per acre. Yet amazingly 60-80% of dryland acres in the High Plains are still dedicated to summer-fallow wheat production. No government programs could, or should, be expected to cover this great a loss. Government should not prop up declining and dying industries that have no future. In the attempt they would be giving false hope and hindering the necessary changes that would lead people to a better life. Personally I've ceased to raise summer-fallow wheat

for even if good weather returns permitting the production of 45-50 bushel summer-fallow wheat again, the cost of production and low price would still result in an unprofitable crop year. Other crops are much more profitable. Dryland corn on my farm over the last ten years has been reasonably profitable and has improved my soil. My corn is in strong demand by local feedlots as irrigated corn production is in decline. High Plains farmers should be encouraged to raise feed grains and oil seeds and should be discouraged from raising summer-fallow wheat.

Fortunately, the current farm bill has given very little encouragement to wheat producers in the High Plains or anywhere in the US. The counter-cyclical program (CCP) has, in the first three years of the current farm program, not resulted in any payments to wheat farmers, at least that they got to keep. Also, for High Plains wheat farmers there has been little encouragement in the form of Loan Deficiency Payments (LDP). Half production due to drought has cut the potential for LDP's in half: a potential that has been brief and very limited, at least for Northern Farmers who harvest late, when LDP's are reduced or no longer available. LDP's in general are a lottery that mal-distributes money. Take the experience of two Yuma County corn farmers this year. One gets hailed out, while a neighbor a few miles away harvests a circle of 200+ bushel corn, the guy getting hailed out gets no LDP payments; while the neighbor will possibly get $70-90 an acre to add to his good crop production.

On the other hand the conservation reserve program (CRP) has offered encouragement to High Plains wheat farmers. It has encouraged them to stop raising wheat and grow grass. This program has enhanced their income in the process. Unfortunately the CRP program has reduced the economic activity throughout the High Plains by 8-15% and contributed to empty store fronts on Main Street. The better quality land in the CRP needs to be brought back into production to produce feed grains and oil seeds for nearby livestock industries and bio-energy production.

Two areas of farm support for High Plains agriculture that need to be kept strong are support for agricultural research and federal crop insurance. Crop insurance has done more for high plains farmers over the last six years of drought than direct payments,

CCP payments and LDP payments combined. While crop insurance needs improvement and mechanisms to prevent those who would succeed by failing it has for the most part worked as it was expected to. It has helped farmers with their relationship with their bankers. Its benefits have probably not been as readily capitalized into land prices as other forms of farm support. This aspect might be improved by a slight reduction in the subsidization of premiums for landlords compared to farm operators.

Adequate money for agricultural research is a top priority. I would be willing to give up even some of my direct payments to see that research is adequately funded. As High Plains dryland farmers transition to new cropping patterns many questions must be answered by good research. I have personally, at my own expense, toured the Federal Agricultural Research facilities in Brazil known as EMBRAPA. They are doing excellent research; we must not fall behind. I look back on my farming career and believe that Federal money spent on Ag research has contributed more to my survival and prosperity than any other Federal aid.

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Kansas County Data - Crops

Commodity ↑	Practice	Year	State	County	District	Planted	Harvested	Yield	Production
Wheat Winter All	Non Irrigated: Following Summer Fallow	2000	Kansas	Cheyenne	10	120,700 acres	114,900 acres	26 bushel	3,036,100 bushel
Wheat Winter All	Non Irrigated: Following Summer Fallow	2001	Kansas	Cheyenne	10	125,200 acres	107,100 acres	37 bushel	3,910,700 bushel
Wheat Winter All	Non Irrigated: Following Summer Fallow	2002	Kansas	Cheyenne	10	105,800 acres	95,800 acres	21 bushel	1,992,400 bushel
Wheat Winter All	Non Irrigated: Following Summer Fallow	2003	Kansas	Cheyenne	10	123,300 acres	117,100 acres	30 bushel	3,492,000 bushel
Wheat Winter All	Non Irrigated: Following Summer Fallow	2004	Kansas	Cheyenne	10	125,800 acres	50,100 acres	14 bushel	720,900 bushel

120,160 ave. 99,000 ave 5 YR. AVG. 25.6 BPA Harvested Basis

5 Records displayed

5 YR. Harvested % 80.7 21.9 BPA Planted Basis

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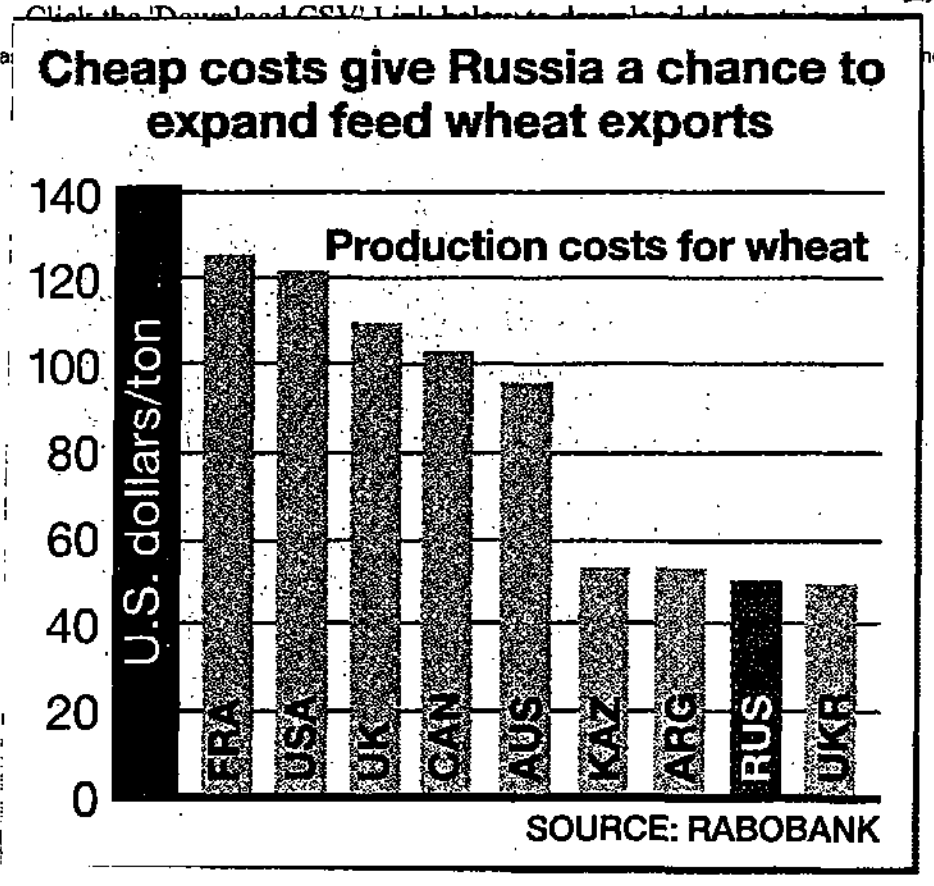

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Brand / Product	Trait(s)	RM	Yield (Bu/Acre)	% Moisture	Test Weight	Income $/Acre
DEKALB DKC46-28	RR2	96	50.6	13.3	57.7	$121.34
DEKALB DKC47-10	RR2/YGCB	97 Lodged	36.2 9TH	12.9	58.8	$86.83
DEKALB DKC44-46	RR2/YGCB	94	57.0 3RD	13.5	55.2	$136.85
DEKALB DKC40-63	RR2	89	58.2 2ND	10.6	56.8	$139.68
DEKALB DKC42-95	RR2/YGCB	92	51.4	12.7	57.0	$123.31
DEKALB DKC39-48	RR2/YGCB	89	59.0 1ST	13.1	57.3	$141.58
DEKALB DKC39-47	RR2	89	50.1	13.0	56.7	$120.22
TEST AVERAGE			**51.8**	**12.7**	**57.1**	**$124.25**

Planted 05/20/2003 **Harvested** 10/20/2003

CORN ON CORN
HOT YEAR!

HAILED IN TO GROUND JUNE 6TH. JUNE 18 BEFORE YOU COULD RUN IT AGAIN!

THIS IS WHY SF WINTER WHEAT HAS BEEN UNPROFITABLE, WILL CONTINUE TO BE UNPROFITABLE AND HAS NO FUTURE!